



WISCONSIN

DEPARTMENT OF WORKFORCE DEVELOPMENT

Division of Economic Support

Bureau of Work Support Programs

**TO: Economic Support Supervisors
Economic Support Lead Workers
Training Staff
Child Care Coordinators
W-2 Agencies**

FROM: Stephen M. Dow
Policy Analysis & Program Implementation Unit
Work Programs Section

BWSP OPERATIONS MEMO

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Non W-2 ☒ **W-2** ☐ **CC** ☐

PRIORITY: High

SUBJECT: FOOD STAMP OVERPAYMENTS -- CORRECTION

CROSS REFERENCE: BWSP Operations Memo 99-64

EFFECTIVE DATE: Immediately

PURPOSE

This memo clarifies Food Stamp (FS) overpayment policy. Operations Memo 99-64 provided a "Benefit Recovery; Determining Overpayments Policies & Procedures" self-study guide. At the bottom of page 6 of the guide a portion of the policy is incorrectly stated.

BACKGROUND

In September, 1999, a benefit recovery self-study guide was released by DES. Page 6 of that study guide contains an error that requires correction.

The paragraph at the bottom of page 6 provides that when an overpayment is caused by unreported or underreported income, the worker should use the actual income from that month to determine the overpayment. It also states that if there was other income in the FS group that was reported correctly, the worker should not change that prospective estimate when calculating the overpayment. This is not correct.

The Office of Food Stamps and Medical Assistance (OFSMA) has received a policy clarification from the Food and Nutrition Service (FNS).

CORRECTION

When calculating an overpayment due to unreported or underreported income, use the actual income from all sources of income in the FS group.

FS Handbook, Appendix 22.2.3.1 will be updated in the second release of 2000, expected in the agencies in July.

Do not apply the 20% earned income deduction to earned income which is reported untimely. This part of the policy is unchanged.

Example: Gerry and his son receive FS. Gerry has a part-time job and had reported the income to his worker, Sue. Sue used a prospective estimate of his income and entered it in CARES. Gerry started working an additional job but failed to report it timely. At the next review, Sue discovered the new job. When calculating the overpayment, Sue should use the actual income received in the overpayment months *from both jobs*, even though the unreported income was from only one of the jobs. Sue will give the 20% earned income deduction for the job reported timely but not for the unreported job.

Example: Kim, her 4 children and her boyfriend, Frank, are in the same FS group. Both Kim and Frank work part-time and have reported these jobs. Frank has been working other odd jobs but didn't report this income to their worker, Mike. When Mike calculates the overpayment, he will use the actual income received by Frank at the unreported odd jobs as well as the actual income earned at both reported part-time jobs. (Even though Kim had reported her income correctly, the actual income received by the group is used to determine an overpayment.) Mike will give the 20% earned income deduction to Kim and Mike for the reported part-time jobs, but not for the unreported odd jobs.

Example: Using the last example, suppose Kim was receiving child support (CS) from the father of her first 2 children. A prospective estimate was used to budget the CS and the earned income. When Mike calculates the overpayment, he will use the actual income received in the overpayment months, including the CS income. Mike would budget the actual CS received, the actual income Kim received on her job, and the actual income Frank received in his part-time job and any odd jobs he had in determining the overpayment. Mike would give the 20% earned income deduction for the reported part time jobs, but not the unreported odd jobs.

SUMMARY

When calculating FS overpayments, use the actual income received from all sources in the FS group. Do not use the prospective estimate originally used.

CONTACT

DES CARES & Policy Call Center	Email:	carpolcc@dwd.state.wi.us
	Telephone:	(608) 261-6317 (Option #1)
	Fax:	(608) 261-6968

Note: Email contacts are preferred. Thank you.